



# The Informal Economy: Women's role in Economic Growth in Vietnam

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## Abstract

The nations of the Global South are struggling to find their place in the global marketplace and with that a way to balance multiple fronts such as modernization. This includes a balance of social and economic growth, as well. Vietnam isn't any different. Vietnam is a transition economy faced with the clash of modernization and a more open marketplace versus the historical one party state centrally determined economy. This change has allowed for the formation of an informal economy of mostly women street vendors, this economy is not legitimized but to some extent tolerated by the central government. This lack of legitimacy ultimately affects the economic growth of Vietnam as their incomes are not taxed or calculated into the nations GDP, this ultimately affects the economic cycle of Vietnam in the view of the global marketplace, like many of its counterparts in the Global South. This poster postulates that by integrating the informal economy into the calculations of national economic growth it will help to implement social growth programs such as ; a) access to affordable or free education to the families of street vendors and the rural poor, b) a grassroots organization formed by the women street vendors to understand and voice their concerns, and c) the formation of a mentorship program that involves successful female Vietnamese entrepreneurs and the local members of the informal economies and their families to provide guidance on how to navigate the system.

## Key Questions

- 1) What is the role of the informal economy in Vietnam?
- 2) What role do women play in the informal economy?
- 3) What impact can women have on the national economy of Vietnam?
- 4) What processes can be implemented to both assist the national economy but also to help individual families prosper?



Wikipedia Commons-Hanoi old quarter (Flickr images)

## Main Arguments

### Some Facts on Vietnam:

**Population:** Approximately 91.68 million people  
**Human Development Index Ranking:** 121st  
**Population Living Under the Poverty Line:** 16.85%  
**Capital City:** Hanoi

### What is the informal economy?

informal economy can be defined as employment not sanctioned by the government or formal sector. This type of employment can be found all across the globe and covers a wide range of job types that include but are not limited to street vending, construction, garbage disposal and house hold wage workers. Since the informal economy sector is not recognized by the government they are not taxed or calculated into the GDP of a nation. In the case of Vietnam and many countries of the Global South a percentage of their populations are working in the informal economy and living below the poverty line causing the GDP to be lower, possibly creating a cycle with very little support from the global economy.

### Informal Economy in Vietnam. Why Street Vending?

Hanoi as mentioned above is the capital of Vietnam and is the epicenter of the modernization movement. It is as well the location of the physical clash between the informal and formal economies. In 2008 the government of Vietnam doubled the size of their capital which almost doubled the population overnight; at around the same time they placed strict restrictions on the informal economy in the capital which is mainly street vending because the government states that it doesn't fit with their vision of a modern city, that they block streets and are considered a non-productive source of income. (Turner and Schoenberger 2012)

In Vietnam since there is a very large rural population that work in agriculture, the best way for these populations to make a profit is to bring their wares to the city and sell them from semi fixed stalls, the sidewalks or off their backs. According to a study performed by Rolf Jensen and Donald M. Peppard married women make up the majority of street vendors in Hanoi, this demonstrates that many families need support to survive so the women leave their home sometimes for extended periods of time to raise funds for their families. Studies have also found that one way the money made from this form of employment is used as a way for families to pay for schooling for their children.

Through this case study one can find that it is extremely important to integrate this type of informal market into the national and global economy because it affects the lives of a huge amount of the population. As well it is important to harness the power of this population to help lift themselves up and to be able to create a support network that is sustainable and attuned to the needs of the specific population.



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## Conclusion

In order to help bring sustainable change and growth to a nation it is important to think in the realm of a trickle up effect rather than that of a trickle down effect. In Vietnam the informal economy and the fact that so many people live below the poverty line has affected the Human Development is severely effected, this factor influences some things such access to schooling, literacy rates, life expectancy and the amount of people living in multidimensional poverty. Below find a list of pathways that may help close the gap and empower the women of the informal economy.

### Pathway through Education

Education can be considered a powerful economic tool and economic indicator in any nation. While Vietnam has been a leader in the Global South in providing actual structures for education they have not been able to overcome the educational gap in their nation. They have tried to fix this gap by creating satellite schools in rural areas and creating a standards system that all schools should be meeting to serve students, there is a road block in this system which is that schools require fees that families can not afford, a decrease in these fees could allow more children to be able to attend school increasing the nations educated and literate population with children being able to attain a university level education and working possibly in the government that once oppressed them but changing it over a time period.

### Pathway through Organization

In order to help assist the women street vendors of Vietnam in furthering their abilities to provide for their families organizations can be formed, while on the onset this will be very challenging it can ultimately create relationships and bonds that can bridge the gaps between the different types of vendors and the government. By creating a group of interested women and by building social bonds it can help in furthering the discussion in regards to regulations and government policies as well as furthering the possible dialogue about the economy on the whole. Their could possibly be fear of speaking out in Vietnam due to lasting effects of Communism.

### Pathway through Women Entrepreneurs

In a survey performed by Scheela and Van Hoa they found that on average women entrepreneurs in Vietnam found that they had no role models. Now these women can become role models to the next set of possible business leaders through networking with the street vendors. This links to organizing when discussing the creation of associations from women in business.

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